

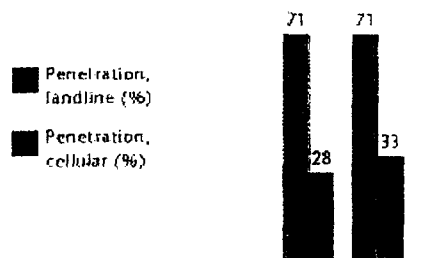
INTERNATIONAL ACTIVITIES

◀ 2/3 ▶

Sweden



Year end	1996	1997
Inhabitants (millions)	8.9	9.0



In cooperation with Telenor (Norway) and BT (United Kingdom), Tele Danmark has founded the telecommunications operator Telenordia AB. Each of the three partners holds one third of the shares. Telenordia provides national and international telecommunications services primarily for medium-sized business customers. A wide range of voice and data services, including international telecommunications services, are provided through the Concert cooperation and NordiCom services. Telenordia experienced substantial growth in Internet activities in 1997. The number of subscribers was 115,400 at the end of 1997, compared with 33,500 a year ago. At year-end 1997, the company had 382 employees, and 1997 net revenues amounted to SEK 681.4m, which is an increase of 240% compared to the 1996 revenues.

Additional funds were invested in Telenordia in 1997 and, at year end, Tele Danmark's share of the total capital investment amounted to DKK 419.4m.

In 1997, Telenordia AB acquired the company Tele 8 Kontakt AB from Tele 8 AB, whereby Telenordia took over the license to build and operate a GSM 1800 cellular communications system in Sweden.

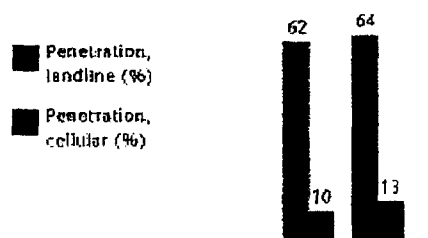
The company InterNordia Communications AB, which is owned on an equal basis by Tele Danmark and Telenor, provides equipment for voice and data communications. 1997 revenues amounted to SEK 98.6m, and the company had 61 employees at year end.

Tele Danmark holds a 25% stake in the Swedish satellite company Nordiska Satellitaktiebolaget (NSAB). The state-owned Swedish companies Teracom Svensk Rundradio and Svenska Rymdaktiebolaget own the remaining 75% of the shares. NSAB owns and operates the Tele-X and Sirius 1 satellites at the position 5° East. Successfully launched in November 1997, Sirius II became operational in December 1997. Participation in NSAB should be seen as part of Tele Danmark's efforts to obtain a significant position in the Nordic market for distribution of television programs and to establish a Nordic satellite platform at the positions 5° East and 1° West. 1997 revenues amounted to SEK 185.8m.

Switzerland



Year end	1996	1997
inhabitants (millions)	7.0	7.1



Switzerland has the highest per capita demand for telecommunications services in Europe.

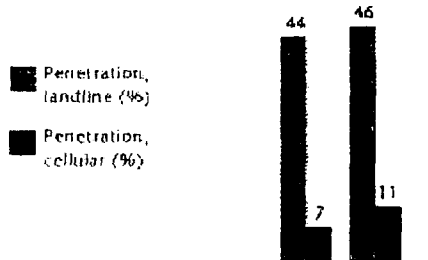
Tele Danmark and BT are the strategic partners of the Swiss telecommunications company Newtelco S.A. (Sunrise). The company is jointly owned with SBB (the Swiss federal railways), Migros (the largest retailer in Switzerland) and the Union Bank of Switzerland. Sunrise was founded in early 1996 with a view to seeking a license to operate in Switzerland as a second operator in the market for landline services. The license will be awarded in the first half of 1998. Tele Danmark has a 27.61% ownership share in Sunrise.

Sunrise is expected to gain a strong foothold on the Swiss telecommunications market within a short period of time

Sunrise is bidding for a cellular license, which will be granted by the Swiss Government in the first half of 1998

Austria

Year end	1996	1997
inhabitants (millions)	8.0	8.1

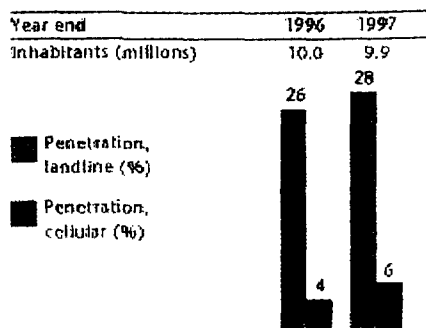


In 1997, Tele Danmark entered into the consortium Connect Austria, which was subsequently awarded a GSM 1800 license in Austria. Tele Danmark holds 15% of the shares in the consortium. The other shareholders are the German VIAG group (RHI, VIAG and Constantia) with 50.1%, and Telenor and the British cellular operator Orange with 17.45% each.

Network construction has begun with the aim of starting commercial operation of the cellular networks by mid-1998. Even though the company is currently focused on fast expansion of the cellular activities, opportunities for increasing the activities with other telecommunications products are constantly being considered.

Hungary



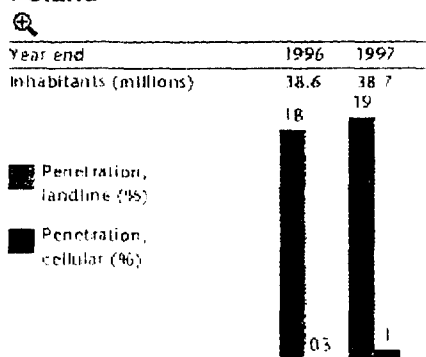


The Hungarian market for telecommunications services represents significant opportunities due to low penetration and a rapidly developing economy.

Since 1993, Tele Danmark has been a partner in the cellular company Pannon GSM Rt., in which Tele Danmark has an ownership share of 23.21%. The other partners are KPN (Netherlands) with 23.21%, Telenor (Norway) with 20.29%, Telecom Finland with 18.11% and three Hungarian investors with a total ownership share of 15.18%. Tele Danmark's total investment in Pannon at year-end 1997 amounted to DKK 236.7m. Following an expansion of the GSM network, practically the entire population of Hungary is now covered. At the end of 1997, the company had approximately 264,900 subscribers, corresponding to 42.4% of the GSM market, compared to around 158,000 subscribers at the end of 1996. The company had 579 employees at the end of 1997, and 1997 revenues amounted to HUF 33.4bn.

Tele Danmark owned 20% of the two regional telephone companies Rába-Com and Kelet-Nógrád-Com until mid-1997, when these ownership shares were converted into a 19% stake in Hungarian Telephone & Cable Corp. (HTCC). HTCC, which is listed in the United States, has five subsidiaries. They supply landline services in different regions of Hungary. 1997 revenues amounted to USD 21.4m, and the number of employees was 709 at year end.

Poland



The Polish market for telecommunications services continues to experience sizable demand for basic telephone services.

Tele Danmark owns the company Polkomtel S.A. together with the American cellular company AirTouch Communications and a number of Polish partners, of which Petrochemia Plock and KGHM Polska Miedz are the most significant ones. Each of these four partners holds 19.25% of the company's shares, and other Polish partners hold the remaining 23% of the shares. Tele Danmark's investment in Polkomtel amounted to DKK 448.7m at the end of 1997.

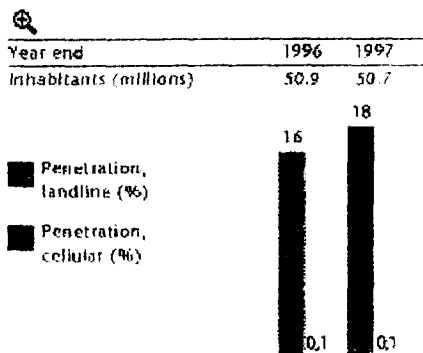
Polkomtel started commercial operation in October 1996. The intake of subscribers has been successful and the company is rapidly expanding its

activities. By the end of 1997, the company had 305,000 subscribers and 1,334 employees.

Rapid expansion of the GSM network has been carried out, thus, at the end of 1997, 95% of the population and 75% of the geographical area was covered, including the largest cities and major highways. 1997 revenues amounted to PLN 734.4m.

Tele Danmark has been involved in the planning, establishment and financing of the North-South Link across Poland via the partnership I/S DPTG (Danish Polish Telecommunications Group), in which Tele Danmark holds a 25% stake.

Ukraine



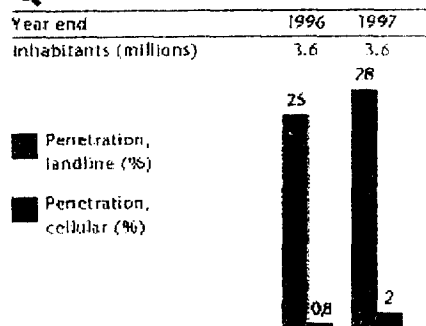
Tele Danmark owns a 16.33% stake in the cellular company Ukrainian Mobile Communications (UMC). Other partners are UKR-TELECOM (Ukrainian State) holding 51.0%, and Deutsche Telekom (Germany) and KPN (Netherlands) each holding 16.33%. Since 1993, the company has provided NMT cellular services, which cover major cities and the main roads and highways. However, coverage is continuously being expanded. A GSM service was opened in the capital, Kiev, in September 1997. The expansion plan for the GSM network will be concentrated around the major cities, leaving national coverage to the NMT network. At the end of 1997, there were approximately 50,700 NMT subscribers and 4,300 GSM subscribers compared to about 29,000 NMT subscribers at the end of the previous year. The company had 559 employees at the end of 1997, and 1997 revenues amounted to USD 106.1m.

Competition was introduced in 1997 as new cellular providers emerged in the Ukrainian market.

INTERNATIONAL ACTIVITIES

◀ 3/3 ▶

Lithuania



Since 1995, Tele Danmark has been a partner in the cellular company Mobilios Telekomunikacijos (Bité GSM), which operates a GSM system in Lithuania for subscribers in, for example, Vilnius and Kaunas. At the end of 1997, the company had approximately 46,500 subscribers compared to 14,000 one year prior to this. Tele Danmark holds 35.82% of the share capital. Other partners are Millicom International Cellular (Luxembourg) holding 35.8% and Lintel (Lithuania) holding 28.38%. At the end of 1997, the company had 159 employees.

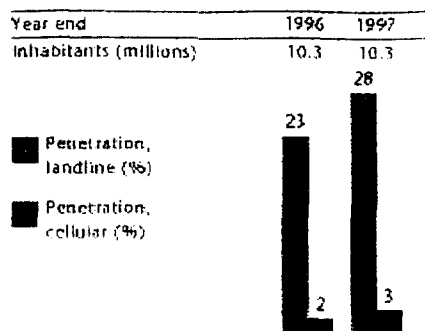
In 1992, Tele Danmark became a partner in the company Comliet UAB, which operates a nationwide NMT cellular system.

Tele Danmark holds a 24.5% stake in Comliet UAB. Other partners are Lietuvos Telekomas (Lithuanian State) holding 41.0%, Millicom International Cellular (Luxembourg) with 24.5% and Antenna UAB (Lithuania) with 10.0%. With its 102 employees, the company had approximately 12,350 subscribers at the end of 1997 against approximately 11,000 at year-end 1996.

Tele Danmark has been involved in the planning, establishment and financing of the link between Lithuania and Poland via the partnership I/S DBTG (Danish Baltic Telecommunications Group), in which Tele Danmark holds a 50% stake.

Czech Republic





In August 1997, Tele Danmark acquired 20.8% of the shares in Ceske Radiokomunikace (CRK). The National Property Fund owns 70.55% of CRK and is thereby the largest shareholder. CRK is the leading company in the Czech Republic within its core business areas, which mainly concern distribution and transmission of television and radio signals, satellite services as well as wireless transmission of telephone and data traffic.

East-West Link

Since the first half of 1996, it has been possible to transmit telecommunications traffic between Western Europe and the Far East via the East-West Link, a digital transmission system. This forms an unbroken telecommunications link between Western Europe and Japan/Korea. The link consists of three parts: The Denmark-Russia submarine and radio link, the Moscow-Khabarovsk radio link and the Russia-Japan-Korea (RJK) land and submarine cable link.

Tele Danmark has been involved in the planning, establishment and financing of the East-West Link via the partnership I/S DRTG (Danish Russian Telecommunications Group), in which Tele Danmark holds a 50% stake.

Transmission projects

In recent years, Tele Danmark has participated in the establishment and financing of a range of international cable installations with connection to the Danish telecommunications infrastructure. One of the objectives is to strengthen Denmark's position as an international telecommunications hub.

The following recent projects should be highlighted:

- CANTAT-3: Link between Canada and Europe, including a direct link to Denmark (1994)
- CANUS: Canada - United States (1995)
- ODIN: Sweden - Norway - Denmark - Netherlands (1995)
- TAT-12/13: United Kingdom - United States (1995)
- RIOJA: Netherlands - Belgium - United Kingdom - Spain (1995)
- TRAGIDE-2: France - Portugal (1996)
- ITUR: Italy - Turkey - Ukraine - Russia (1996)
- BALTICA: Poland - Denmark - Sweden (1997)
- FLAG: Fibre link around the Globe (1997)

Baltica, linking Poland-Denmark-Sweden, went into service in the first quarter of 1997. Furthermore, it has been decided to upgrade Odin, linking Sweden-Norway-Denmark, Rioja, linking the Netherlands-Belgium-United Kingdom-Spain and TAT-12/13 linking the United Kingdom-United States.

Submarine cable projects

Tele Danmark's activities within the submarine area include three cable ships, two subsea cable plows and one remotely operated subsea vehicle. The activities involve both installation of Tele Danmark's own cables as well as

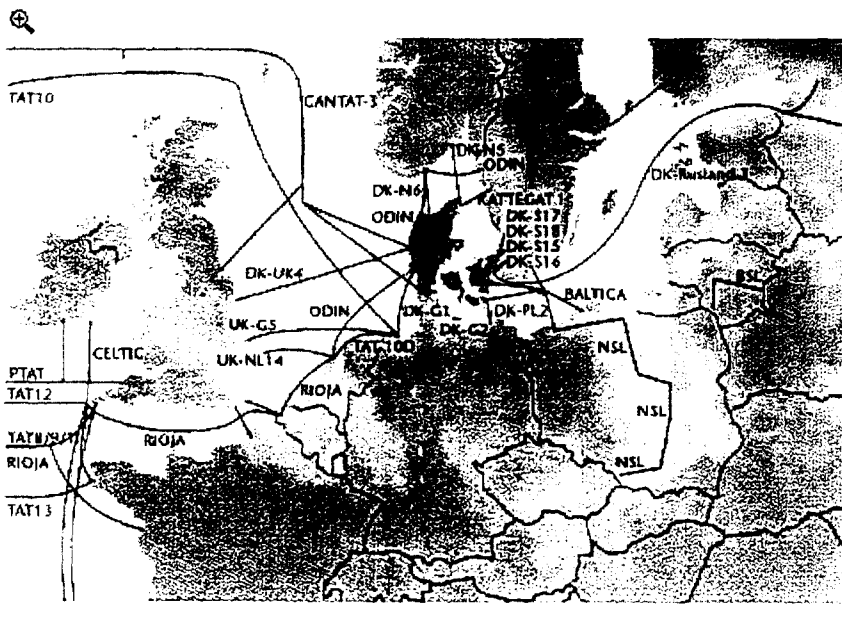
work for other parties and customers as a subcontractor, including foreign telecommunications companies and power supply companies on a worldwide basis. The activities employed more than 100 people at the end of 1997 as well as a number of specialist subcontractors.

At the beginning of 1997, the new cable ship Maersk Defender completed the installation of the Baltica Submarine Cable System between Poland, Sweden and Denmark, followed by a number of small cable operations in and around Denmark. During the early summer, the vessel was busy with activities in the offshore business north of Scotland. Later on, the installation of two cables between England and the Continent for Hermes and Post Lay Operations on two Ulysses Submarine Cables took place.

In the spring of 1997, the cable ship Maersk Fighter installed two short cable sections for the Flag Submarine Cable System in Japan, and during the late summer/fall the ship carried out five repairs on power cables in the Philippines and a power cable in Malaysia.

At the end of the year, the ship was on passage from Singapore to Alaska for the installation of a segment of the Northstar Submarine Cable System. Finally, cable ship Peter Faber has been busy, mainly with maintenance of cables in the North Sea area.

In January 1997, a consortium consisting of Tele Danmark and DSC Communications A/S (Denmark), won a turnkey contract for two submarine cable systems with ancillary land cables between the Netherlands and the United Kingdom and between Belgium and the United Kingdom, respectively (the Hermes system). The system was delivered to the customer in October 1997, ahead of schedule.



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SBC Foundation

International Operations

SBC Communications Inc. is one of the world's leading diversified telecommunications companies, with operations spanning five continents. Through strategic acquisitions and joint ventures, SBC is entering high-growth territories and positioning itself for continued expansion in international markets:

Chile

SBC owns a 49.3 percent equity stake in VTR S.A., a privately owned telecommunications holding company.

SBC plays a significant operational role in the VTR S.A. family of companies:

- VTR S.A.'s subsidiary CNT-Telefonica del Sur operates two telephone companies, providing local, national and international long-distance service in direct competition with the former monopoly operator. CNT-Telefonica del Sur has more than 118,000 access lines.
- VTR Telecable serves the emerging cable market in Chile, operating in 24 cities, including Santiago. The company now has 354,000 cable TV customers and a 30 percent penetration rate.
- In 1996, VTR merged its cellular properties with CTC, the owner of Santiago's "A" band cellular license. The combined entity has the only nationwide cellular network in Chile. The new venture, Startel, now serves more than 221,000 customers with a potential customer base of 7 million.

China

On March 30, 1997, SBC signed a memorandum of understanding with China Telecom and 12 other major international telecommunications companies to provide a direct undersea cable telecommunications link

between the U.S. and China.

The China-U.S. cable network is planned to be the most technologically advanced of its kind in the world, employing a state-of-the-art fiber-optic submarine cable system between participating nations through the year 2015. The cable system is expected to be completed by the year 2000 at a cost of more than \$1 billion.

This network will provide SBC with low-cost capacity for international long-distance traffic to China and other fast-growing Asian markets.

France

In 1994, SBC Communications entered into a strategic partnership with Compagnie Generale des Eaux (CGE), following a competitive review of potential partners for one of France's two national GSM wireless companies. SBC invested approximately \$626 million to gain an effective 10 percent equity stake in Societe Francaise de Radiotelephone (SFR).



Under SBC's guidance, SFR completed the most aggressive cellular capital investment program in Europe, adding 1,200 new base station sites in one year alone. As a result, SFR has doubled its market share from 20 percent to 40 percent and signs up more than 3,000 new customers each day. As of June 1997, SFR had more than 1.4 million subscribers.

SBC has now expanded its joint venture with CGE to become a broad-based provider of telecommunications services when the French market opens up to competition in 1998. The new company, Cegetel, includes SBC (15 percent stake); CGE (44 percent stake); Mannesmann (15 percent stake); and British Telecom (26 percent stake).

Israel

SBC's joint venture with the Aurec Group is its longest-standing international partnership, beginning in 1985. SBC has a 50 percent stake in Aurec, which has interests in cable TV, directory publishing and software development. SBC also owns a 41.7 percent interest in Amdocs Limited, a software development company providing services throughout the world.



Mexico →

Through a consortium formed in 1990 with France Telecom and Grupo Carso, SBC International, a subsidiary of SBC Communications Inc., acquired an interest in Telefonos de Mexico - Telmex - one of the world's fastest growing telecommunications companies. SBC retains a 9.57 percent stake in Telmex. Currently, Telmex serves more than 8.9 million access lines and 900,000 wireless customers in Mexico.

With SBC's assistance, since 1990 access lines have increased more than 60 percent; cellular customers have increased from 35,000 to 900,000; and more than 10,000 urban and rural areas have telephone service for the first time.

More than 50 percent of all telecommunications traffic between the U.S. and Mexico originates in SBC's markets.

South Africa →

In March 1997, the South African government finalized an agreement with the consortium of SBC Communications and Telekom Malaysia Berhad for the consortium to purchase a 30 percent stake in Telkom South Africa, the state-owned telecommunications company of South Africa. The consortium will conduct a major expansion and liberalization of South Africa's telephone network. With more than 4 million access lines, Telkom South Africa has a countrywide franchise to provide local service and domestic and international long distance. In addition, it owns a 50 percent stake in Vodacom, one of two national cellular service providers, with 900,000 customers.

SBC's 18 percent stake in Telkom South Africa represents an investment of \$757 million, the company's second largest international investment, after Telmex in Mexico.

In August 1995, SBC Communications became the first former Bell system company to make an investment in the continent of Africa when it invested \$90 million in MTN of South Africa, the country's second GSM wireless company.

South Korea →

SBC owns a 7.8 percent stake in Shinsegi Mobile Communications Company Ltd., which is designing, building and operating the second nationwide digital cellular network in the Republic of Korea. Operations began in April 1996 with service initially to Seoul and surrounding areas. During the second half of 1996 alone, 230,000 subscribers were added. Shinsegi now has more than 840,000 customers. SBC is the lead foreign partner for Shinsegi consortium in the areas of marketing and services.

With one of Asia's most rapidly growing economies and a wireless penetration of less than four percent, South Korea represents a very attractive growth market for SBC.

Switzerland →

SBC has an approximate 40 percent ownership stake in DiAx, a partnership between SBC and the six largest electric utilities in Switzerland. SBC is the telecommunications operating partner in the venture.

Upon the liberalization of the Swiss market in 1998, DiAx will begin providing a full range of communications services to residential and business customers. DiAx also plans to bid on wireless licenses when they become available.

Switzerland represents an excellent market for SBC. The Swiss telecommunications market is the world's twelfth largest, and Switzerland's annual revenues per telephone line of \$1,700 are the highest in the world.

Taiwan →

SBC International, in partnership with Formosa Plastics Group and the Goldsun Group, was awarded a GSM cellular license from the government of Taiwan in January 1997 covering the southern region of the country, a market of nearly 7 million people. The consortium partners have formed a new company called TransAsia Telecommunications, in which SBC has an approximate 20 percent ownership. Service is scheduled

to begin in late 1997.

SBC believes Taiwan represents an exciting growth opportunity because of its high population density, strong local economy and a cellular penetration rate of less than 4 percent.

United Kingdom

In October 1995, SBC merged its United Kingdom cable television and telephony operations (jointly owned with Cox Communications Inc.) with TeleWest, the leading U.K. cable operator and a publicly held joint venture between TCI and US West. The merger created the largest cable television operator in the U.K., with expanded interest in 31 franchises covering 4.1 million homes.



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ATTACHMENT D

PACIFIC BELL SERVICE BEFORE AND AFTER SBC MERGER:
MONTH BEFORE MERGER CLOSED AND MONTH ONE YEAR AFTER

	<u>March 1997</u>	<u>March 1998</u>	<u>Service After Merger</u>
Hold Orders - Primary	0	0	Same
Installation - % Commitments	98.8%	99.0%	Improved
Repair Reports - 100 Lines	1.3	1.8	Declined
Dial Service	98.4%	100%	Improved
Trouble Service Answer	81.7%	82.0%	Improved
OA Answer	91.9%	93.5%	Improved
DA Answer	93.4%	94.4%	Improved
Business Office Answer	76.4%	81.9%	Improved

Source: Monthly Service Reports submitted by Pacific Bell to the California PUC in response to General Order 133-B. See attached reports for a more detailed description of the individual measured service indicators and related reporting levels.

ATTACHMENT E

PACIFIC BELL SERVICE BEFORE AND AFTER SBC MERGER:
12 MONTHS BEFORE MERGER AND 12 MONTHS AFTER

	<u>12 Month Average Before Merger Closed</u>	<u>12 Month Average After Merger Closed</u>	<u>Service After Merger</u>
Held Orders - Primary	4.0	.08	Improved
Installation - % Commitments	99.2%	98.8%	About the same
Repair Reports - 100 Lines	1.42	1.54	About the same
Dial Service	98.9%	99.9%	Improved
Trouble Service Answer	65.2%	77.7%	Improved
OA Answer	91.8%	93.6%	Improved
DA Answer	92.0%	93.9%	Improved
Business Office Answer	72.7%	83.5%	Improved

Source: Monthly Service Reports submitted by Pacific Bell to the California PUC in response to General Order 133-B. See attached reports for a more detailed description of the individual measured service indicators and related reporting levels.

ATTACHMENT F

**PACIFIC BELL SUCCESS IN MEETING SERVICE GOALS FOR 12
MONTHS AFTER SBC MERGER CLOSED:**

<u>Service</u>	<u>PUC Goal</u>	<u>Number of Months PB Exceeded Goal</u>	<u>Percent of Months Goal Met</u>
Installation - % Commitments	95% Commitments Met	12	100%
Repair Reports	Less than 6	12	100%
Dial Service	98% Without Equipment Failure	12	100%
Trouble Serv. Ans.	80% Answered in 20 Seconds	9	75% ¹²
OA Answer	85% Answered in 10 Seconds	12	100%
DA Answer	85% Answered in 12 Seconds	12	100%
Bus. Office Answer	80% Answered in 20 Seconds	12	100%

Source: Monthly Service Reports submitted by Pacific Bell to the California PUC in response to General Order 133-B. See attached reports for a more detailed description of the individual measured service indicators and related CPUC established goals..

¹² In the previous 12 months before the SBC merger, PacBell had only met the Trouble Service Answer goal in 7 of those 12 months (58%).



South Africa



Economic Profile

1996 GDP growth
3.6%

1996 GDP per Capita
\$4,800

5-year projected
real GDP CAGR
3.6%

Customer and Network Profile

	1995	1996
Population (in thousands)	41,000	41,700
MTN wireless customers	168,000	337,400
MTN wireless penetration	4%	8%
Telkom South Africa access lines (in millions)	3.8	3.9
Telkom South Africa access line penetration	9%	9.3%

Wireless Network Technology

1996

GSM

Population data source: U.S. Bureau of the Census

Investment

18 percent stake in Telkom South Africa, South Africa's national telecommunications company, representing SBC's largest investment in a privatization effort

With this investment, SBC is likely to sell its 15.5% stake in MTN, South Africa's second cellular provider

Strategic Partner

Telekom Malaysia Berhad, Malaysia's national telecommunications provider

Business Segments

Local service and long distance

Market Characteristics

South Africa's population of 41.7 million is about equal to Texas, New York and Missouri combined. Only 10 percent of South Africa's non-white households – 87 percent of the population – have telephone service

Investment Opportunity

Build and greatly expand Telkom South Africa's network infrastructure and add to its management expertise.

The investment also positions SBC to pursue other opportunities on the African continent. SBC was the first regional Bell operating company to invest there. Telekom Malaysia has ties to projects in other African nations

Management Role in Operations

Telkom South Africa. With 30 percent ownership, the consortium leads Telkom's Operating Committee and is responsible for

business plans, training programs, management structure and network buildout. The consortium appoints key executives, including the chief operating officer, chief financial officer and chief technical officer.

MTN. SBC managers hold the roles of CEO and senior marketing and network manager in MTN's wireless operations.

Near-term Priorities

- Align the employee workforce more closely with South Africa's demographics.
- Initiate network architecture development to add 340,000 access lines this year, primarily reaching underserved segments of the population.
- Create detailed business and operational plans for adding more than 2.5 million access lines within five years.
- Develop and initiate customer service and customer care programs.